



November 25, 2009

Re: Reference Docket Number OP-1374

Dear Members of the Board of Governors:

I am writing in response to the proposed guidance on sound incentive compensation policies. While I found the guidance to be well written and thoughtful, I believe it will produce additional burden and cost to the many banks, Union Bankshares Corporation included, who conservatively manage their incentive plans. Union Bankshares Corporation has a sound incentive compensation policy and we stand prepared for our next examination. As far back as 2007, management and the board were discussing the issue of the incentive plan rewarding more aggressive behavior, such as growth and earnings per share, rather than what the corporation's strategic plan, formulated by management, was expected to accomplish. Because of this healthy tension and strong corporate governance the incentive plan goals were modified to focus on risk management, capital preservation, profitability and asset growth.

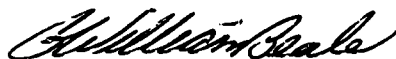
Allow me to highlight some concerns, disagreements and points I believe were not addressed:

1. The guidance on page 55230 estimates that the time for any respondent to collect the required information to be 40 hours or one man-week. The data collection and reporting process required by management and the board for Union Bankshares Corporation's existing incentive plans, which include separate plans for executive management, loan officers, and retail management, is currently in excess of 1,000 hours or one-half man-year. This does not take into account the hours necessary to build the data collection system based upon each year's new goals.
2. On page 55228 you refer to the federal safety net protections allowing shareholders to be more receptive of risk. There may be some individuals who play the market that think as you propose, but I find that our shareholders are long term holders of our stock. They see our banking corporation as a stable investment providing a regular dividend and appropriate capital growth. These shareholders also expect the Federal and State regulators to assure that banking corporations are not engaging in unsafe practices such as seen at many of the failed banks. Lack of incentive compensation oversight had nothing to do this financial calamity which I believe was caused by unsafe banking practices being permitted by boards of directors and regulators.
3. On page 55228 you give guidance regarding the implementation of appropriate incentive programs relative to the complexity and scope of the organization's activities. Later you mention comparison to other banking organizations. I believe this is important.

4. On page 55229 the guidance speaks to formulaic limits, golden parachutes and exclusion of firm wide profit sharing plans. I strongly agree that any ERISA based plan should be excluded from review and examination in relation to incentive compensation. I think elimination of golden parachutes could potentially limit the attraction and retention of talent. The most senior positions at any banking organization are fraught with risk because of the intense oversight, demand for performance and oftentimes unreasonable expectations. Any reasonable person would expect some form of downside protection to be available. Many find the three times compensation Golden Parachute to be excessive, but most companies just match the prevailing federal guidelines. As for limits, Union Bankshares Corporation's incentive compensation plan has limits that have been in place for a number of years. Incentive compensation cannot exceed 3% of net income. No incentive is paid if return on assets is below one percent. The discussion on the setting these limits is always around what is best for the shareholder.
5. I would like to make a general comment regarding the use of other federal regulators required information for the Federal Reserve's examination process. As a publicly traded company we are required to provide extensive disclosure to the Securities and Exchange Commission as well as our shareholders regarding incentive compensation. It is important to managing the additional work load you are placing on our corporation with this guidance that the corporation not be asked to duplicate publicly available data.
6. Your guidance speaks to the risk management oversight. This oversight will mean either additional burden for our internal audit staff or additional expense to our shareholders for external review.

Thank you again for the opportunity to comment. While the guidance will not cause Union Bankshares Corporation to revise its existing plans, it will place additional burden on our staff and additional expense to our financial statement. I am struck yet again that the sins of a few have resulted in additional regulatory burden on the well managed banks.

Sincerely,



G. William Beale
President & Chief Financial Officer